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MINUTES - TILLAMOOK COUNTY BOARD OF COMMISSIONERS' HEBO MEETING
Wednesday, October 7, 1987
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COMMISSIONERS PRESENT: Dean J. Kinkade, Chairman
Gerald J. Creasy, Vice-Chairman
Gerald A. Woodward, Commissioner

STAFF PRESENT: Fred G. Young, County Counsel
Karen Richards, Treasurer
Dorene Sheldon, Recording Secretary

GUESTS PRESENT: Mike Sims, Headlight Herald; Ralph O. Kirby; R. C. Edwards; Ray Bones; Craig Rothenberger; Bill Balmer, Jr.; Wana Clifton; Helen Affolter; Joe Gardner; and approximately 12 residents that did not sign the Guest List.

CALL TO ORDER: By Chairman Kinkade at 7:35 p.m. in the Hebo Grade School Cafeteria. He introduced the Board and staff present.

Chairman Kinkade said the purpose of the meeting was to review the Hebo Service District expenses. The Board has received complaints on the expenditures and the need to borrow more funds than people thought was necessary.

Mr. Young reviewed the fact sheet (attached) which listed estimated and actual expenses. The original engineer's estimate was \$500,000, which was the grant total. The \$500,000 was the maximum amount that could have been received from the grant.

Mr. Young said after the public bid and modifications, the total cost was \$608,000. Of the \$108,000 difference, the District applied \$37,000 in hook-up fees, leaving a balance owing of \$71,000. The Board arranged a lease/purchase agreement through U. S. Bank totaling \$80,000. The extra \$9,000 was necessary to make the first lease payment. Terms of the original lease were semi-annual payments of \$9,864 each, for five years.

Mr. Young said the main over-run was the budgeted amount for construction. Bids didn't come close to the engineer's estimate.

Mr. Young reviewed the budget. U. S. Bank agreed to change the payments of the loan to \$10,000/year. At the end of the lease there may be a requirement of a lump sum payment or re-financing. On June 30, 1987 the Hebo Service District was in the red, and the County General Fund had to transfer funds to eliminate the deficit. The budget includes a \$5,000 repayment to the general fund. The total budget is \$31,500.

Mr. Young said there are approximately 100 hook-ups in the District, and he listed the breakdown. If each user paid his bill, total revenue would be \$25,319.

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Mr. Hamburger asked why full sewer and water hook-ups pay \$25/month and the other people pay \$9.38 for water or sewer only. Mr. Young said those fees were established by the district, but can be changed.

Mr. Kirby asked why his charge was increased to \$12.50 without his approval. Mr. Young said the additional hook-ups were at 75% of the full cost. The Board has the right to change any rate.

Mr. Young said the projected shortfall will be \$6,181.

Mr. Young said as of September 30, 1987 unpaid user fees total \$6,600. Unpaid hook-up fees total \$10,000. Mr. Edwards said the Board should "go after" those people. Mr. Young said letters were sent to people in arrear on their user fees notifying them they had so many days to pay up or the District would turn off their water/sewer.

Mr. Edwards asked how the users would be cut off when about half don't have cut-offs. Mr. Young said the cut-offs would have to be inserted and then cut off, at the expense of the user.

Mr. Kirby asked if there was a mistake someone made along the way, which was being covered up. He said there was an article in the Headlight Herald about a year ago that stated the county had transferred over \$90,000 from the Hebo Service District to some other fund. Mr. Young said it never occurred and asked if Mr. Kirby had a copy of the article. Mr. Kirby said, "no."

Mr. Bones said he didn't have any complaints other than the hook-up fee and monthly bill. If everyone would pay, the system would work.

Mr. Rothenberger said he was one of the people not paying, and until he gets service he won't pay. He has a piece of property that he has lost \$4,500 over the past 15 months on, because the hook-up isn't usable. When it was being hooked up, he told the engineer it wouldn't work; they told him it would if he raised his pipes in his building up against the floor. He said if his main line is against the floor, his other pipes will have to be above the floor. The tank was never filled, which was part of the contract. He contacted people three different times, but each time was given a different story. He said the District was "holding him in ransom" with his property, because he can't utilize it. Mr. Rothenberger said Commissioner Woodward told him before the engineer left the problem would be taken care of, but it wasn't.

Mr. Rothenberger said he is billed for the use of the cabins every month, even though they are idle. He said the amount of the bill is about half of what he actually owes, as far as usage. He said he would pay for what he owes.

Mr. Bones said he had three trailer hook-ups in the same position, and he fixed it himself and eliminated the problem. He felt everyone had to work together to make it work, and that the system was an asset to the community. Mr. Kirby agreed it was an asset, but didn't like how it was being approached with the debts not taken care of.

Chairman Kinkade said the county has done its best to take care of the problems. In the meantime, the county has been the "good fellow" in not taking drastic measures. It finally must be done, and that is why the letters were sent.

Mr. Hamburger asked why Dow Brothers didn't have to come back and take care of the work they messed up. He asked if the work done by local contractors was billed to Dow Brothers. Chairman Kinkade said the county is negotiating a final \$4,100 bill from the engineer and trying to deduct part of that cost.

Mr. Matthews said the original estimate wasn't good. They connected new plastic pipe to the old water system, without checking where it went. This caused some of the major leaks. He said the engineering work was done from a helicopter.

Mr. Young explained the Board waited to negotiate the \$4,100 bill until after tonight's meeting to gain input. The \$4,100 should be reduced by the amount paid out to the local contractors.

Mr. Matthews said in the original conversations, there were to be no overages. He said the County Counsel didn't have right-of-ways (easements) before beginning the work. Mr. Young said at a subsequent meeting the bids were opened, and the Advisory Board recommended to the Board of Directors to continue with the project, even though it would exceed the \$500,000.

Mr. Hamburger said the amount of the total grant was discussed, as well as how much money was necessary to borrow at a meeting. Original water bills were \$10. It was discussed to pay \$20/month for five years to pay off the original loan of \$40,000. After the five years, the bills would go back down.

Mr. Young said of the \$6,600 in unpaid user fees, approximately \$4,500 is owed by the Rothenbergers. Of the \$10,000 in unpaid hook-up fees, approximately \$7,000 is owed by them. Mr. Rothenberger said there was an agreement made between the county and himself on the hook-up fee. He sent it to the Commissioners with his first payment, with the agreement they would initial it and return it to him. He hasn't received it, and it has been four months.

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Mr. Rothenberger asked who made the decision on where tanks went. Commissioner Woodward said it was an engineering decision. Mr. Rothenberger said he had three tax lots. One of his tanks was refitted and used on one of his lots. Another tank was put on the second lot. The third lot needed a tank, but they didn't want to put a tank it, so they "jerri-rigged" it across to the middle tank. By doing so, they had to raise the lines, which took it below the sewer level of the existing building. His alternative was to jack his building up, which didn't seem reasonable to him. Mr. Bones said a pump could be installed. Mr. Rothenberger said it couldn't be pumped up, unless he put his own tank in. He said he had a tank on the property that worked fine, and all they had to do was replace that tank with another tank. They chose not to.

Mr. Hamburger said the engineers had discrepancies on the aerial photos, and they should have talked to the local people.

Mr. Rothenberger asked if the raise in rates was based on the \$6,100 shortfall from the budget. Mr. Young said the operating cost was divided by 100 hook-ups, which equaled \$315/hook-up per year. That averages \$26.25 per month.

Mr. Rothenberger asked if the raise in rates was because he and others haven't paid. Mr. Young said, "no."

Mr. Bones asked what the amount of interest was on the bank loan. Mr. Young said it was 8.5%, because it was a municipal lease.

Mr. Kirby said Hebo is a depressed area, and fees were set accordingly. He didn't feel fees should go up. Mr. Young said if it costs \$31,500 to run the District, rates must be increased.

Mr. Kirby asked who authorized the loan. Mr. Young said, "the Board." Mr. Hamburger asked if the original loan amount was \$40,000. Commissioner Woodward said, "yes." However, the Board realized with the other expenses, the loan had to be increased to \$80,000; but it was discussed at a meeting in Hebo.

Mr. Wilkinson asked when the \$5 rate increase went into effect. Mr. Young said November 1st. Mr. Wilkinson said he had a problem with his bill, and Mr. Young suggested he work it out with the billing department.

Mr. Young said the citizens should realize the Hebo Service District is the only water and sewer district run by the county. The county isn't set up to operate a local system effectively. There is a distance problem and obviously problems with the design of the project.

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Mr. Hamburger said when the \$108,000 overages were realized, why wasn't a higher hook-up fee discussed at the original meetings. Chairman Kinkade said the extra \$5/month was discussed to pay off the loan with the Advisory Board. The monthly charge was to be \$25.

Mr. Hamburger asked if the \$482,000 bill for construction was the original bid from Dow Brothers. Mr. Young said the original bid was higher. Commissioner Woodward said the \$482,000 also included Allen's bid and the tanks from Aslett. Dow's original bid was \$300,000, and by cutting some corners, it was \$279,000.

Mr. Young said \$4,919 was transferred from the County General Fund to the Hebo Service District.

Mr. Rothenberger asked if he was responsible for filling the tank. Commissioner Woodward said, "no" and asked if the duplex was still hooked on to the tank. Mr. Rothenberger said he hasn't unhooked it. Commissioner Woodward said that is the reason the tank hasn't been filled. The engineer assured him all that was necessary was to cut the pipe and raise it up against the floor joists. Mr. Rothenberger said he tried it, and it isn't possible.

Mr. Rothenberger said of the \$10,000 in unpaid hook-up fees, \$7,000 is his, which is on a lengthy contract. \$2,000 of the \$7,000 is for a hook-up he can't use.

Mr. Edwards said he was on a fixed income and was having trouble paying the \$10/month bill. Chairman Kinkade said if he was a renter, he shouldn't have to pay the bill. Commissioner Woodward suggested he contact the billing department to change the billing address.

Mr. Hamburger asked how much the meters cost, because it was originally discussed that there would be no meters. Commissioner Woodward said the grant specifications required meters on any place where new water lines were installed. He preferred a completely metered system, which would stop a lot of the water leaks.

Ms. Affolter asked if there should be more pressure now than before. Chairman Kinkade said there is more pressure on the main lines.

Mr. Young said if the \$16,600 was paid today and applied to the budgeted expenses, the Board would still have to address the fact that only half of the payment on the loan is being paid. The \$5 increase would possibly be necessary over the course of the remaining four years to pay the loan off.

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Commissioner Woodward said if anyone had a problem to notify the Board. He said the Board couldn't help, if it didn't know.

Mr. Hamburger asked if there was a warranty for the work Dow Brothers did. Commissioner Woodward said the warranty was only good for a year.

Chairman Kinkade thanked everyone for attending the meeting and adjourned at 8:50 p.m.

RESPECTFULLY Submitted this 21st day of October, 1987.

Dorene Sheldon
Dorene Sheldon, Recording Secretary

APPROVED BY:

DJK GJC GAW
DJK GJC GAW